

LICENSE PLATE AUCTION GROUP (LPAG)

1881 Pierce St., Lakewood, CO 80214

Boards & Commissions Conference Room

December 29, 2014

Minutes to the Meeting

Members in Attendance: Bobby Juchem, Bob Gall (via telephone), Peter Pike, (via telephone) Mark Simon (via telephone), Gina Robinson (via telephone), TH Mack (via telephone), Ryan Carson (via telephone)

Guests in Attendance: Chris Hochmuth – DOR, Marty Zim – Zim Consulting, Kit Sage, LeeAnn Morrill – AG’s Office (via telephone), Kate – Sprocket Communications (via telephone), Dylan Ikenouye – DOR (via telephone), Noelle Peterson – DOR(via telephone), Tony Anderson – DOR (via telephone) .

CONVENE: Bobby convened the meeting at 9:16 a.m. a quorum was not yet present. Mark called Gina (who had called in with the Flu, but could be available) for a Quorum.

Bobby decided to proceed with the Agenda while the Group waited for a Quorum.

While waiting for Gina, TH asked for an update on the Patent situation as he thought he’d missed a meeting. Marty gave and UNOFFICIAL update that LeeAnn and Devin had another phone conference(s) with Mr. Schwartz and Mr. Barnett that included a detailed discussion with Zim Consulting and Hand Bid on the entire process they used on behalf of LPAG. After that discussion the AG’s office was of the opinion that their processes in no way infringed on Mr. Barnett’s patent, and asked Mr. Schwartz how this process infringed on their patent. To-date there has been no response from them. Zim and Handbid, at this point are comfortable in moving forward with the event and on-line auctions. Although there is nothing in writing and the AG’s office didn’t feel the need to put anything in writing unless they got something formal back from Mr. Barnett or his attorney. [By now LeeAnn had joined the call and confirmed everything Marty had just stated.] LeeAnn also noted that there is another call scheduled for next week to continue this discussion regarding the Terms and Conditions of LPAG’s auction.

Approval of Minutes: With a quorum now present Bobby entertained a motion to approve the meeting minutes from October 17, 22, & 27 and November 24, 2014. There were no questions and no discussion, so Bobby called the vote:

- Gina – Yes
- Mark – Yes
- Bob – Yes
- Ryan – Yes

- TH – Yes
- Bobby – Yes
- Motion passed

Auction Update: Marty Zim –

→ There was a discussion between TH and Kate about whether there should be TV or radio commercials. Kate reported they hadn't initially considered it as the budget for this type of media can run into the tens of thousands of dollars, but there might be some Community Service opportunities for Public Service Announcements (PSA's). But they did want to see if LPAG had any sort of budget at all for these. TH commented that most networks Community Service departments are receptive to the notion of PSA's if they know it's for PWD's and that the State is behind it. A letter from Gina, Marty and Kate noting this would be a big help.

Kate mentioned that TH had an "in" for radio commercials. TH confirmed that he has 100 syndicated commercials. Kate thought a good next step was to reach out to the Radio folks for PSA's and she could start on this right away. To do TV LPAG would need to have a budget. Mark asked about partnerships or sponsorships. Kate said that they need 4-6 months advance notice to do anything like this. So it's something to look at for future events.

Gina did not have any information available to her at the moment as she was home sick in bed. Marty suggested in moving forward with Radio for now and exploring what TV might look like to bring back some real numbers to compare to a budget. TH noted that he had seen a PSA go through very quickly for a non-profit. He thought channel's 2 and 31 were receptive and channel 9 need to do some sort of image cleanup. Marty said it was now about production time and money to it out there. TH said that he believed that a recommendation that Kate had seemed to be the best. Kate agreed, saying it was really just about the budget – how much is available to do what.

Gina asked Kate what she thought it might be in round numbers. Kate thought that previously it had been \$3,000 for the 3 videos so between \$1,000 and \$1,200. Gina was comfortable with that amount of money.

TH moved to give Zim and Sprocket authority to investigate and bind LPAG to a contractual obligation for communication for \$1,200 total for a commercial. Peter then asked if there were specific voting items that needed to be addressed and if we needed or had a quorum. Mark asked if LPAG was being asked to spend \$1,200 produce a commercial and then what was LPAG going to do with it. TH said that the \$1,200 was to produce it and give it to the networks for a free PSA. Kate confirmed saying that they would confirm the PSA space was available first then make the commercial. Bob asked if it could be generic to future use as well. TH said yes. Bob asked if it could be used on YouTube. Everyone said yes. Mark suggested that LPAG should use a Broncos plate prior to the Super Bowl. Bobby summarized the motion. Bob 2nd the motion. Seeing no further discussion Bobby called the vote:

- Gina – Yes

- Peter – Yes
- Mark – Yes
- Bob – Yes
- Ryan – Yes
- TH – Yes
- Bobby – Yes
- Motion passed.

Kate will update the Group as there are developments.

Mark asked if a billboard would be useful making it a publicity stunt by parking him up with it and then having people take turns. LeeAnn noted that the liability issues were far too great. Mark said he'd sign a waiver. TH thought a billboard was a good idea, especially with a Bronco plate. Bobby was concerned with the amount of time remaining before the event and making the best use of time and money before the January event. Additionally, Bobby confirmed with Dylan that the only image available for use was the green and white plate image as LPAG did not have permission to use any other image.

Bob asked if Coors was the official beer of the Broncos, suggesting that LPAG could partner up with them on the publicity stunt to push product as well as the event. TH mentioned he was meeting with Coors that afternoon and would talk to them about it and email out the answer to the Group.

→ Marty reported back on the cost of hosting the recordings of the meetings on the website saying that the best way (least expensive, most effective way to do it) to do it was to post all of the documents into a DropBox Pro account paid for by LPAG with links from the website to the documents and recordings. The cost would be \$129.40/year including tax (\$9.99/month plus tax). LeeAnn suggested reaching out to the Governor's office of Information Technology since this could be done, essentially free. Gina agreed and asked if the DropBox plan would meet CORA requirements. Bobby said he'd reach out to OIT and to Rich Medina to see what would need to happen. Mark reminded everyone that DOR didn't have the space on their server which is why LPAG had asked to Marty to research this further. Mark suggested a vote authorizing Marty to move forward if OIT can't do this. Bobby didn't see the urgency or the reason for posting the recordings since the written minutes are available, plus the notion of just spending money to do so. Gina was not sure about the budget and was not comfortable holding any kind of vote for this now until she could review the financials. Mark was concerned that recordings were being deleted. Chris confirmed that the recordings were not being deleted.

→ Marty needed to know what configurations LPAG wanted to auction for the on-line auction.

TH wanted to amend the minutes of the 10/27 meeting. He believed that his vote(s) were not captured. Chris said he'd go back and check the recordings. ***[Chris reviewed the recording of the 10/27 meeting, Roll call was taken at 00:06:00 of the recording and TH was not noted as being present, in fact Rich noted his absence at 00:07:23. The first vote of the meeting took***

place at 0:53:58 of the meeting TH's name was not called and he did not speak up when Rich asked for any other votes. The next vote of the meeting took place at 1:02:30, again TH's name was not called and he did not speak up as being skipped.]

Marty continued by saying that he had made a list of configurations that people are requesting to be auctioned including BASOON and a variation of Desert Fighter and some other random requests based on being denied at the DMV, thus creating a ready-made market. Additionally, the Chair of the Disability Benefits Support Committee, named Cliff Crone (SP?) has strong connections in the Marijuana Industry and would like to add some Marijuana configurations added including 420 (possibly in the live auction) and 225 other possible configurations. He is also willing to help in getting sponsorships in the MMJ industry if some of these configurations can be put into the auction. Bob has also submitted a list of configurations he thought would be good. There is a list of 2,800+ and these requests that he'd like to have the group go through and approve.

Mark asked if there was going to be another auction prior to 4/20 and if it wouldn't be more advantageous to hold those out until then. TH agreed. LeeAnn thought there might be some value, but that as LPAG is a state agency and the State Agency members of the Group would need some specific direction about having a State Agency promoting something that was still against Federal Law. There are a lot of concerns in the AG's office about this since the legislation could be overturned, and policy was still being formulated. DOR still has a policy that doesn't allow offensive configurations and this can get tricky as some people may still deem pot use as offensive. There are still a variety of legal issues including some First Amendment issues.

TH mentioned 4/20 could be someone's birthday as well as the Pot reference. TH wanted to add DS1 and DS2 as Dessert Storm configurations. Bobby added that 4/20 was also Hitler's birthday so law enforcement may have some issues. He also wanted to note that all of the asterisks in the list represent spaces as asterisks can't be used. TH was concerned that since many configurations can have multiple meanings including innocent ones, he didn't want people to not able to have a plate simply because it could mean something else. Bob suggested that the State Agency Employees could abstain from any voting. Further he didn't understand how the Federal Government had any control over State issued Plates. LeeAnn noted that they don't, it was more about the perception of the State promoting something that was still federally illegal. She also thought that even if the State Employees abstained the Group as a whole would be taking the action and the Group would be representing the State on these issues so abstentions probably wouldn't really have the desired effect.

Peter moved to add 420 to the list of plates. Dylan noted that 420 had never been requested to be reserved so the discussion might be premature. Mark commented that the legalization of marijuana in Colorado was acted on by the voters not the legislature. Then he went on to say that he had been reviewing Marty's list and did not see the connection between some of the configurations and MMJ, such as AQALUNG. Mark then asked if this list had gone into DOR yet, Marty said it couldn't go in until 1/2/2015. Mark then asked Dylan how long it would take to

reserve these configurations, Dylan said it'd depend on the size of the list, but if they would note any they had a special interest in the Department could expedite those requests fairly shortly. TH wanted to make sure that DS1, DS2, D-STORM, D-STORM1 and D-STORM2 would be added to the list, Marty added them. Marty asked for a volunteer from the Group to go through the list with Marty to review this list of 2,800+ to select configurations for the January auction.

Mark asked Marty about the soldier whose plate had expired more than 13 months because she was deployed, therefore could not be re-registered as LPAG had the first right of refusal on it. Marty said it had already been reserved. Bob volunteered to help Marty go through the list. Peter said that he wasn't comfortable in taking the soldier's plate and auctioning it off out from underneath her. Marty said that he had spoken with her and she was OK with it being auctioned for charity. Her question was, how much was it going to be auctioned for, which is the next item on the agenda for Marty – minimum bids.

→ For the last on-line auction the minimum bid had been \$500. This seemed to work out well but wondered if it might be lowered a little to encourage more bidding.

Bobby asked about allowances that could be made for deployed soldiers on registrations and Driver's Licenses and such so that she wouldn't lose her plate like she did. Dylan said that there was nothing in statute that would prevent what happened/protect them for personalized plates. TH suggested that LPAG could release the plate (DSRTFIRE?) as he believed it was "Cheesy". Bob 2nd the motion. Mark wanted to add this issue to the list in case any legislation needed to be enacted. There being no further discussion, Bobby called the vote:

- Peter – Yes
- Mark – Yes
- Bob – Yes
- Ryan – Yes
- TH – Yes
- Bobby – Yes
- Motion Passed

Dylan said that if Marty would direct her to work with Chris, he would take care of this.

Marty noted that not many of the LPAG members hadn't signed on to the Auction yet and would like to see everyone sign up at ColoradoPlates.com. Also he brought flyers to pass out to everyone noting that they were also going to be distributed to 38 locations, car dealerships and clubs etc. If people needed more or wanted to help distribute them, to let him know and he would get them taken care of.

Marty said there were two sponsors Bob Gall was the first. They had sent out over 800 letters and followed up with all of them. The second sponsor was EFK&H which is a Public Accounting firm, other parties had said they are interested but had not yet committed.

Bob asked about minimum bids for "A" type configurations. Marty noted that some of these had already been established:

- 13 -- \$89,999

- BRONCO, GOLFER & 5280 -- \$10,000
- The Ranges of A-Z and 4-7 had not yet been set and need to be set today.

Marty asked if the Group was still committed to the pre-established minimums. Bob asked what the auctioneer thought. Marty reported that the auctioneer thought \$10,000 was fine for GOLFER and BRONCO but that it was probably too much for 5280. Bob suggested \$5,280. The Group agreed. For A-Z the Auctioneer had no recommendations. Bob thought at least \$10,000. Peter thought somewhere in the middle -- \$44,000 (between \$10,000 and \$89,999). Bob thought that was too high. Bobby was thinking more of \$1,000 (which makes it more than the on-line auction) and let the auction run its course. Mark commented that it was the first time in anyone's lifetime that a single letter or number had been issued and that should be a premium/prestige by itself.

Peter made a motion that single letters (A-Z) minimum bid be \$39,999. TH made the second. No further discussion taking place Bobby called the vote:

- Peter – Yes
- Mark – Yes
- Bob – Yes
- Ryan – Yes
- TH – Yes
- Bobby – Yes
- Motion Passed.

TH believed \$10,000 wasn't enough for BRONCO and that it should start at \$25,000. Bob agreed if it was BRONCOS (with the s) but as it was singular he didn't think so. TH changed his mind back to \$10,000. TH moved to accept GOLFER and BRONCO at \$10,000 each and for 5280 to have a minimum of \$5,280. Bob seconded the motion. There being no further discussion, Bobby called the vote:

- Peter – Yes
- Mark – Yes
- Bob – Yes
- Ryan – Yes
- TH – Yes
- Bobby – Yes
- Motion passed

4-7 was next brought up. Bob asked if LPAG didn't get at least \$200,000 would this be a failure. Bobby was concerned that at that price LPAG would price itself out of that market, but that it was a shot in the dark, maybe \$100,000. Bob reminded everyone of Marty's "guy" who was willing to pay \$100,000 for single digit plates. Bob also asked if the Governor was going to be there. Marty said no, but that he was inviting his high end donors. TH thought that for the next event Marty needed to establish that the Governor was absolutely going to be there. Marty said he and Zach had had many discussions regarding this. Bob asked how to get 1 number @ \$100,000 and the rest at \$200,000. Marty suggested that building the market by only auctioning off single numbers once or twice a year.

TH moved that the range of 4-7 have a minimum of \$100,000. Mark seconded the motion. There being no further discussion, Bobby called the vote:

- Peter – Yes
- Mark – Yes
- Bob – Yes
- Ryan – Yes
- TH – Yes
- Bobby – Yes
- Motion passed.

Configuration number 18 -- Mark moved that the minimum bid for 18 be \$200,000. Bob seconded the motion. TH thought it should be \$218,000. The motion was amended to \$218,000. TH asked what if the only bid was \$150,000 would LPAG accept that. The answer is no. Then TH asked what if the final bid was \$190,000, did LPAG have the authority to accept that bid, did LPAG have the ability to change its mind about the minimum bid at the auction. Mark suggested that the auction be “Noticed” as a meeting with one agenda item (adjusting the minimum bid). TH suggested finishing the motion at hand first; there being no more discussion, Bobby called the vote:

- TH – Yes
- Ryan – Yes

LeeAnn halted the vote and suggested that it was unfair to change the reserve in the middle of the auction, since the terms and conditions constituted a contract. Mark clarified that the vote was on setting the minimum bid for 18 @ \$218,000. LeeAnn agreed she’d misunderstood the vote and it continued.

- Bob – Yes
- Mark – Yes
- Peter – Yes
- Bobby – Yes
- Motion passed.

The discussion then turned to “Noticing” the auction as a meeting with the one agenda item. TH moved “...that from any event, this one moving forward that we have the authority as long as we have a quorum, at the event that we can adjust the bid or lower the bid if necessary to accommodate selling the plate.” Bobby was concerned about the amount of time for proper notice and it being open to the public. TH thought a disclosure could be made on the marketing materials and that bidders might try to “play the numbers”. Mark thought that a disclosure saying, “The License Plate Auction Group reserves the right to adjust minimum bids.” Then separately notice the meeting on the web site for the event for the sole purpose of adjusting minimum bids. Mark asked for LeeAnn’s thoughts. LeeAnn’s point was that for Open Meetings, is the meeting really open since you have to pay to be present. Mark suggested the meeting could be held “in the lobby” (prior to the ticket paying line). LeeAnn thought it could be tried, but it’s not the way most boards and commissions held their meetings, but it could be argued.

A lengthy discussion with LeeAnn then ensued regarding whether or not the disclosure of altering the minimum bid was sufficient, did it need to be in the Terms and Conditions, did that mean lowering and raising the minimum bid, could the minimum bid be raised and was that

fair, is this a separate issue from “noticing” a meeting or were they one and part of the same. Bobby asked that if the Group is concerned that they aren’t issuing proper minimum bids, then why are they issuing them at all, beyond helping the auctioneer. There is nothing requiring a minimum bid, they could just let the auction take and run its course and whether it was a requirement at all. The discussion included allowing the auctioneer a percentage variance.

TH moved that “we empower the auctioneer, less 20% of minimum that we established for each plate, we give the auctioneer that authority to accept if it doesn’t meet it.” Lee Ann clarified the motion saying, “if the closing bid amount is within 20% of the reserve amount the auction can lower the reserve amount.” TH changed his motion to: “we give the auctioneer the authority to, if the auction plate does not meet the minimum bid, that they can lower it in 5 to 10% increments no lower than 20% of the initial accepted bid minimum. Peter seconded the motion. Mark clarified that it was on the OPENING bid. TH confirmed. There was confusion then as to whether TH was talking about the opening bid or the final bid resulting in a discussion to the difference between a minimum bid and a reserve bid. TH stood by his motion as stated, saying “20% less the Reserve and that he is talking about the Reserve”. There was no more discussion so Bobby called the vote.

- TH – Yes
- Ryan – Yes
- Bob – Yes
- Mark – No
- Peter – Yes
- Bobby – Yes
- Motion Passed.

Peter had to leave the meeting; a quorum was no longer present.

Amending Terms and Conditions for online Auctions – Draft language by AG’s office:

Several people wished to comment on this and Bobby had Bob start with his. Bob said that on number 9, he believed the payment should be 10 business days rather than 7 calendar days – didn’t believe it was enough time and asked Marty to comment. Marty agreed that 10 business days was more practical. LeeAnn was comfortable with this change and would add it to her notes. Bob also wanted to discuss the 25% of the net proceeds on re-sale vs. 25 % of the net profit of re-sale. LeeAnn thought they had the flexibility to do so, that it would just be a policy decision of the Group. Mark added some clarifications, saying that sometimes people have to sell investments at a loss. He also believed that the 25% is simply a given on the re-sale and people know that going into it. TH did not want to get into the business of wholesaling plates (on speculation). Mark thought that was exactly what should happen. Additionally, Mark didn’t think the Group should be discounting the 25% on the re-sale. Bob and TH wanted it on the agenda for a future meeting. Bob also reminded everyone that these plates were being offered as a tax deduction and an investment.

Mark then wanted to discuss the edits that LeeAnn had provided. He disagreed with what LeeAnn had provided saying that he didn’t believe she had followed the suggestions/direction from the 10/27 minutes. LeeAnn defended her position and the comparison language she had provided. The two

comparisons were, “here’s how the transfer is done...” vs. not being transferable at all. Mark insisted that this did not conform to what the minutes of 10/27 said. LeeAnn said that she had based her draft off of the November 29th meeting and trying to get the most out of the asset as possible. She further discussed that the AG’s office doesn’t do probate work and if the Group wanted detailed Probate advice, she’d have to go back and get a referral. Mark said that the Group had already made the decision about being inheritable it just needed some polish. LeeAnn disagreed believing that the Group was looking at the policy of maximizing the profitability of the assets.

Bobby ended this discussion as he believed it was deteriorating and suggested that Mark and LeeAnn meet off line about this. He was going to hold this over until the next meeting as an agenda item. Everyone was fine with this. Mark asked if the Group wanted to work off of the draft that LeeAnn had sent or did they want to allow inheritance and what are the options. LeeAnn said that if the Terms and Conditions are left alone, this allows inheritance. If they need Probate advice, they’ll have to get a “Special Assistant AG” appointed and pay for it, to get the appropriate advice. Bobby directed LeeAnn and Mark to work on these issues and Bob too since he seemed to have some expertise in this area.

Public Testimony:

None

Mark noted that there were still some conflicts on the calendar between the last Mondays of the month vs. the 4th Mondays and for May moving it up a week to offset for Memorial Day. Chris said he’d work with Maren to clean up the old calendar reminders.

Bobby adjourned the meeting at 12:04 p.m.

Respectfully submitted
Chris Hochmuth
Administrative Services Supervisor
Title and Registration Sections
Department of Revenue